

**QUARTERLY TASK ORDER  
PROGRESS AND  
COST REPORT**

**OCTOBER TO DECEMBER  
2001**

**SOUTH AFRICA ACCESS TO  
HOUSING FINANCE FOR  
LOWER INCOME  
HOUSEHOLDS**

Prepared for



Prepared by

Mary Tomlinson  
*The Urban Institute*

South Africa Access to Housing Finance for Lower Income Households  
United States Agency for International Development  
Contract No. LAG-1-00-00036-00, Task Order No. 800



**THE URBAN INSTITUTE**

2100 M Street, NW  
Washington, DC 20037  
(202) 833-7200  
[www.urban.org](http://www.urban.org)

December 2001  
UI Project 06967-002

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## **QUARTERLY TASK ORDER PROGRESS AND COST REPORT**

**OCTOBER TO DECEMBER 2001**

### **SOUTH AFRICA ACCESS TO HOUSING FINANCE FOR LOW-INCOME HOUSEHOLDS**

**Task Order No.:** LAG-I-00-99-00036-00, Task Order No. 800

**Date of Issuance:** September 6, 2000

#### **Task Order Description**

In September 2000, the South Africa Mission of the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a two-year project to improve access to housing finance for low-income households. Specifically, the project aims to increase access to adequate housing for historically disadvantaged and lower income households in South Africa by providing better access to credit. As part of this effort, UI provides training, technical assistance and financial support to innovative initiatives by national and local governments, financial institutions, commercial financial institutions and non-governmental organizations (NGOs). As required by Section F.12 of the Contract, a description of the progress under this Task Order is as follows:

<b>Amount Obligated Under Task Order:</b>	<b>\$ 1,476,660</b>
<b>Total Potential Task Order Amount:</b>	<b>\$ 1,885,657</b>
<b>Dollars Expended To-Date:</b>	<b>\$ 662,599</b>

#### **Work Performed During the Previous Quarter**

The previous quarter of this project was spent completing the first year's establishment of the field office and its systems. Most effort went towards engaging potential clients about funding specific projects, working with them to develop a suitable Scope of Work (SoW), and carrying out tendering processes. In addition, a publishing program has been initiated in order to turn project lessons and results into occasional papers for distribution to the housing sector as a means of generating policy debates.

**Refining procurement processes**—As described in the previous quarterly report, one of the main tasks of the Housing Finance Resource Programme (HFRP) is to ensure that procurement procedures fulfil UI and USAID rules and regulation requirements. At the same time it is important that the office is able to process funding requests in a timely manner. The intention is that any awards of funds should be carried out in a transparent and justifiable manner. Moreover, the selection of awards should result in fair and reasonable value.



Discussions were carried out this quarter between the International Activities Center (IAC) and HFRP over Draft Procurement Guidelines for Acquisitions Under \$100,000.00. This interaction resulted in agreement over a final set of guidelines that will be used as the basis for carrying out the procurement process by the HFRP office.

**Receiving, assessing and approving requests for assistance**—The previous quarter has been the most intensive for the HFRP in terms of responding to requests for funding. Preliminary applications have been received and files opened for 32 potential projects. While some of the projects have not proceeded further, due to them not falling within the office's mission, objectives and funding focus areas, a number of the applications have developed into contracts—as demonstrated below.

Noteworthy is the fact that the Chief of Party (CoP) and Deputy CoP work very intensively with potential clients, once it is determined that there is a project worth funding. This will include numerous meetings with the client to work out a detailed SoW, which consultants and firms can bid on. The reason for this effort is that few of the people working in various housing organizations are able to focus on precisely what it is they want to accomplish in their project. The HFRP uses its experience in the sector to help organizations structure a project with potential benefits and lessons for the entire sector.

Once the detail of a project has been determined, the HFRP's procurement officer handles the actual procurement process in terms of finding suitable consultants and firms to carry out the work and managing contracts.

**Contracts drawn up (or in the process of being drawn)**—Projects reported on previously that evolved into new contracts are as follows:

- Funding a project by several major trade union federations to develop a model for unions to more effectively facilitate access to housing finance for their members.
- Funding a project to investigate alternative lenders' views on an appropriate relationship with the formal banking sector (e.g., Do they want to compete or cooperate with the established bankers?).
- Funding, via a grant, a capacity-building initiative for a non-profit NGO lender, specializing in affordable housing improvement loans and new loans to un- and under-banked low-income households with secure occupational rights.
- Funding the drafting of a revision to the Banks Act Exemption and a review of the Draft Cooperatives Bill for the South African Credit Union Movement.
- Funding a Provincial Housing Strategy review for the Department of Finance.
- Funding a research program investigating the energy consumption and cost implications of alternative locations for low-income housing projects—this program will be funded with top-up funding from USAID.



**Occasional Paper Series**—One of the HFRP's areas of operation includes communicating project outcomes to relevant stakeholders. The HFRP started to receive the output and reports from the first batch of projects that it funded. It is currently using these reports to prepare and publish an occasional paper series. Currently four reports are being edited for publication. The intention is to disseminate them early in January 2002, once stakeholders have returned from their end of year holiday.

Both the CoP and Deputy CoP participated in various housing-related events this quarter. Some of them are listed below:

- CoP participated in two meetings of the HIV-AIDS Task Team.
- CoP attended the Institute for Housing in South Africa's Annual Conference.
- CoP attended the South Africa Savings Institute, Savings Symposium.
- CoP attended the HLGC Annual General Meeting.
- CoP attended the Deputy Director Department of Trade and Industry Speech to AMCHAM.
- CoP attended an Interim Researcher's Workshop on the Economic Impact of HIV-AIDS.
- CoP attended the NHFC Annual General Meeting.
- CoP attended the Social Housing Foundation's Launch of the European Union (EU) Capacity Building and Support Programme.
- Cop and Deputy CoP met with the rural finance facility to discuss funding applications from applicants funded by the facility, and to discuss coordination and cooperation between the facility and the HFRP.
- CoP, Deputy CoP and procurement officer attended training sessions on procurement at USAID.
- Deputy CoP attended meetings with various social housing associations.
- Deputy CoP met with the Inner City Housing Upgrading Trust.
- Deputy Cop attended a housing finance conference hosted by the Gauteng Provincial Government's Department of Housing.
- The CoP attended the Institute for Housing in South Africa's annual conference in Petersburg, Northern Province.



## Significant Findings and Delays

There have been no significant problems this quarter.

## Work Planned for the Next Reporting Period

During the next quarter the office will focus on:

- Prepare a 1-Year Anniversary Celebration Week—the intention is to have the Programme Director, Dr. Sally Merrill, visit the HFRP to participate in a week of events staged to showcase the work of the HFRP successfully carried out during the first year of operation.
- Set up a research program for the investigation into the energy consumption cost implications.

## Up-To-Date Schedule of Work

### In-progress and completed products

- HFRP 002B—Hoek-Smit, M. Wharton School/Wits P&DM Joint Housing Finance Training Programme.
- HFRP 002B—Diamond, D. Wharton School/Wits P&DM Joint Housing Finance Training Programme.
- HFRP 002B—University of the Witwatersrand, Purchase Order (PO) for Wharton School/Wits P&DM Joint Housing Finance Training Programme.
- HFRP 0014—Epicentre Aids Crisis Management, Impact of HIV-AIDs on the Financial Sector.
- HFRP 0014—Quindiem, Impact of HIV-AIDs on the Financial Sector.
- HFRP 0022—Irurah, D. Investigation into Energy Consumption and Cost Implications for Low Income Housing Developments in South Africa's Urban Areas.
- HFRP 0024—Nell, M. Development of a model for unions to more effectively facilitate access for members to housing finance.
- HFRP 0024—Gordon, R. Development of a model for unions to more effectively facilitate access for members to housing finance.
- HFRP 0025—Rust, K. Competition or Cooperation: Do alternative lenders want banks competing with them in newly established markets?
- HFRP 0029—Diamond, D. An Appropriate Approach to CRA for South Africa.



- HFRP 0030—Kuyasa Fund, Operational funding for the Kuyasa Fund.
- HFRP 0031—Hofmeyer van der Merwe, A Revision to the Banks Act Exemption for SACCOL.
- HFRP 0032—Zack, T. Provincial Housing Strategy Reviews.

#### **Ongoing Projects and Contracts—December 2001**

- 0002A University of Witwatersrand Public and Development Management Programme—Dr. Paul Hendler to attend the Wharton School's "Improving Housing Finance Systems in Emerging and Advanced Economies" course (R7 4,832/ \$9,016). **COMPLETE** (*contract with University of Witwatersrand*)
- 002B University of Witwatersrand Public and Development Management Programme—Dr. Doug Diamond and Dr. Marja Hoek Smit to lecture at the Wharton School/Wits P&DM Joint Housing Finance Training Programme (R/\$?). Contracts are with Dr. Diamond and Dr. Hoek Smit (*UI negotiated the amounts*).
- 002C University of Witwatersrand Public and Development Management Programme—Programme assistance for conducting the Wharton School/Wits P&DM Joint Housing Finance Training Programme. (*PO has been signed for R83, 848,00/\$9,016.00*).
- 0014 HLGC—Request to fund TA for a study on the impact of HIV-Aids on the financial sector. One contract has been signed with Epicentre (R70, 757.20/\$7,691.00) and one contract has been signed with Quindiem (*R181.000.00/\$19,047.00*).
- 0015 Johannesburg City Council—Better Buildings Programme—Request to do financial modeling and develop a business plan for the city's R50 million development fund aimed at turning around the city's "bad buildings" (R 800,000. / \$100,699). Contract was with Price Waterhouse. **COMPLETE**
- 0018 Servcon—Request to fund the TA needed to carry out part of a feasibility study into the creation of a special purpose vehicle, which would be used to sell the financial institution's Properties-in-Possession (R 92,000. / \$10,483.00). Contract signed with Lee Bartlett, work is currently being carried out. (*Contract period extended*)
- 0019 Cope Housing Association—Request to fund a preliminary study into the feasibility of hardship cover for occupants of Cope Housing Co-operatives (R36,702/\$4,422.00). Contract signed with Quindiem. **COMPLETE**
- 0020 Legal Resources Centre—Request to fund housing rights in Welkom as a basis for taking legal action on behalf of community-based clients against the City Council of Welkom (R91,275/\$10,997). Contract signed with Ruicon. **COMPLETE**



- 0021 Institute of Housing SA—Request to investigate the scope of non-state participation in the Implementation of the SA Housing Policy, with specific attention to the gearing of financial resources (R106,937/\$12,884). Contract signed with K. Rust. **COMPLETE**
- 0022 Density—Request by USAID to fund an investigation into energy consumption and cost implications to low income households. (R800,000/\$80,000). First contract being prepared with Daniel Iruah for R220,000/\$22,000.00).
- 0024 NEHAWU (COSATU)—Request to fund the TA necessary to develop a model for unions to more effectively facilitate access for members to housing finance (R500,000/\$60,240). Funding required for a strategic workshop that will lead into a research program. First phase planning workshop is complete (R31,500/\$3,500). Contracts signed with M. Nell and R. Gordon.
- 0025 RHLF—Research to investigate alternative lenders' views on Competition or Co-operation: Do alternative lenders want banks competing with them in newly established markets? Contract signed with K. Rust (R44,600/R4,798.00).
- 0029 CRA—Request to assist NHFC in guiding government on the writing of the regulations for the HLMDA and preparing the CRA Legislation. Consultant has written a discussion document for publication and assisted government officials with the second draft of the CRA Bill (R176,000.00/\$19,000.00). Contract signed with Doug Diamond (UI negotiated this contract).
- 0030 DAG—To provide grant funding for two loan officers and to evaluate the Kuyasa Fund, a non-profit micro-finance institution specializing in affordable housing improvement and new housing loans to un- and under-banked low-income households with secure occupational rights (R540,000/\$60,000). Contract signed with the Kuyasa Fund.
- 0031 SACCOL—Drafting a revision to the Banks Act Exemption and funding a workshop (R189,000/\$21,000.). Contract being prepared with attorneys Hofmeyer, Herbststein and Gihwala Inc.
- 0032 Provincial Housing Strategy Reviews—Housing policy consultant to read and review nine provincial housing strategies (R18,900/\$2,100).

### Key Personnel

Ms. Mary Tomlinson, UI/South Africa, [mtomlinson@hfrp.org.za](mailto:mtomlinson@hfrp.org.za), 011-27-11-642-1872.



**ATTACHMENT**

**COST REPORT**

Contract Quarterly Financial Report

Contract No. USAID Contract No. LAG-I-00-99-00036-00 (Sustainable Urban Management)  
Contractor: THE URBAN INSTITUTE  
UI Project No. 06967-002  
For the Quarter Ending: 12/31/01 (Booked expenditures through 12/31/01)

UI Project No.	Task Order No.	Task Order Name	Country	Celling Price	Authorized Expenditures (Total Amount Obligated)	Actual Expenditures Booked through 12/31/01	Balance Available	Effective Date	Estimated Completion Date	Actual Completion Date	LOE Authorized (Days)	LOE Used	Balance in Days + / (-)
06967-002	LAG-I-00-99-00036-00, TO No. 800	Access to Housing Finance for Lower-Income Households	South Africa	1,885,657	1,476,660	662,599	814,061	09/06/00	9/5/02	TBD	2,220	620	1,600
TOTAL				\$ 1,885,657	\$ 1,476,660	\$ 662,599	\$ 814,061				2,220	620	1,600

Actual costs reflect data recorded by the Urban Institute's reporting system through 12/31/2001; accrued expenditures (such as subcontractor and consultant invoices, travel expenses, and other direct costs not yet received by UI) are not included.